

Financial Statements of

**WINDSOR-ESSEX COUNTY
HEALTH UNIT**

And Independent Auditors' Report thereon

Year ended December 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Windsor-Essex County Health Unit ("Health Unit") are the responsibility of the Health Unit's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Health Unit's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Health is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Health carries out their responsibility for review of the financial statement principally through the Audit Committee. The members of the Audit Committee are not officers or employees of the Health Unit. The Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to recommending approval of the financial statements to the Board of Health. The external auditors have full access to the Audit Committee with and without the presence of management.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation of the City of Windsor. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.



Nicole Dupuis
Chief Executive Officer



Lorie Gregg
Director of Corporate Services



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INDEPENDENT AUDITORS' REPORT

To the Directors of Windsor-Essex County Health Unit

Opinion

We have audited the financial statements of Windsor-Essex County Health Unit (the Health Unit), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and accumulated deficit for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and the notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Unit as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Health Unit in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Health Unit's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Health Unit or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Unit's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Health Unit's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Health Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Health Unit's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

July 14, 2022

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Financial assets:		
Cash and short-term investments (note 2)	\$ 10,432,811	\$ 7,270,764
Accounts receivable (note 3)	708,879	560,242
	<u>\$ 11,141,690</u>	<u>\$ 7,831,006</u>

Financial liabilities

Financial liabilities:		
Due to Province of Ontario (note 4)	\$ 4,802,147	\$ 1,445,661
Due to Municipalities (note 5)	2,882,233	3,831,708
Due to community programs	1,105,233	586,416
Amounts held in trust (note 6)	149,433	80,570
Trade accounts payable	511,969	486,582
Accrued payroll and deductions	783,873	903,734
Deferred revenue (note 7)	670,935	260,936
Employee future benefit liabilities (note 8)	2,660,641	2,689,031
	<u>13,566,464</u>	<u>10,284,638</u>
Net debt	(2,424,774)	(2,453,632)

Non-financial assets

Non-financial assets:		
Tangible capital assets (note 9)	838,676	850,436
Prepaid and other expenses	210,784	201,187
	<u>1,049,460</u>	<u>1,051,623</u>

Commitments and contingencies (notes 11, 12 and 13)

Accumulated deficit (note 10)	\$ (1,375,314)	\$ (1,402,009)
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See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Operations and Accumulated Deficit

December 31, 2021, with comparative information for 2020

	2021	2020
Revenue		
Municipalities:		
City of Windsor	\$ 3,042,328	\$ 3,042,328
County of Essex	2,542,838	2,542,837
Township of Pelee	3,291	3,292
Other	-	51,795
	<u>5,588,457</u>	<u>5,640,252</u>
Province of Ontario:		
Mandatory Health Programs	15,985,093	15,988,122
Ontario Seniors Dental Care Program	1,674,700	1,117,138
Other (schedule 2)	8,556,242	2,352,421
	<u>26,216,035</u>	<u>19,457,681</u>
Other:		
Miscellaneous	169,988	140,086
Interest	98	8,332
IPAC HUB funding	266,547	-
Infectious Disease and Climate Change Program	71,622	81,725
Ontario Active Transportation Grant	29,559	-
Ontario Seniors Dental Care Program user fees	7,689	9,447
Septic	1,800	2,311
	<u>547,303</u>	<u>241,901</u>
Total revenue	32,351,795	25,339,834
Expenses		
General programs (schedule 3)	28,791,415	23,578,931
Ontario Seniors Dental Care Program (schedule 1)	1,609,942	1,085,440
Other (schedule 2)	1,555,597	849,701
IPAC Hub funding	266,547	-
Infectious Disease and Climate Change Program	71,622	81,725
Ontario Active Transportation Grant	29,559	-
Septic	418	674
Total expenses	<u>32,325,100</u>	<u>25,596,471</u>
Annual surplus (deficit)	26,695	(256,637)
Accumulated deficit, beginning of year	(1,402,009)	(1,145,372)
Accumulated deficit, end of year	<u>\$ (1,375,314)</u>	<u>\$ (1,402,009)</u>

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Changes in Net Debt

December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus (deficit)	\$ 26,695	\$ (256,637)
Acquisition of tangible capital assets	(294,788)	(279,141)
Amortization of tangible capital assets	306,548	291,944
Use of prepaid and other expenses	201,187	155,989
Acquisition of prepaid and other expenses	(210,784)	(201,187)
Change in net debt	28,858	(289,032)
Net debt, beginning of year	(2,453,632)	(2,164,600)
Net debt, end of year	\$ (2,424,774)	\$ (2,453,632)

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Statement of Cash Flows

December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 26,695	\$ (256,637)
Items not involving cash:		
Amortization	306,548	291,944
Change in employee future benefit liabilities	(28,390)	288,138
Change in non-cash assets and liabilities:		
Accounts receivable	(148,637)	(128,765)
Prepaid and other expenses	(9,597)	(45,198)
Due to Municipalities	(949,475)	1,593,773
Due to Province of Ontario	3,356,486	627,963
Due to community programs	518,817	331,213
Amounts held in trust	68,863	43,784
Trade accounts payable	25,387	(199,635)
Accrued payroll and deductions	(119,861)	552,587
Deferred revenue	409,999	78,379
Net change in cash from operating activities	3,456,835	3,177,546
Capital activities:		
Cash used to acquire tangible capital assets	(294,788)	(279,141)
Net change in cash	3,162,047	2,898,405
Cash and short-term investments, beginning of year	7,270,764	4,372,359
Cash and short-term investments, end of year	\$ 10,432,811	\$ 7,270,764

See accompanying notes to financial statements.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

The Windsor-Essex County Health Unit (“Health Unit”) was established under the Health Protection and Promotion Act, R.S.O. 1990. The Health Unit is funded through grants from the Province of Ontario and required contributions from the municipalities of the Corporation of the City of Windsor (“City”), the Corporation of the County of Essex (“County”) and the Corporation of the Township of Pelee (“Pelee”). The Health Unit provides public health programs to keep the communities of Windsor-Essex County and Pelee healthy by promoting improved health, preventing disease and injury, controlling threats to human life and function and facilitating social conditions to ensure equal opportunity in attaining health for all.

1. Significant accounting policies:

The financial statements of the Windsor-Essex County Health Unit are prepared by management in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Health Unit are as follows:

(a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenses of the Health Unit. The Health Unit is comprised of all programs funded by the Province of Ontario, through the Ministry of Health, the City, County and Pelee. It also includes other programs that the Health Unit may offer from time to time with special grants and other sources of funding.

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting and reflected in the statement of operations and accumulated deficit.

The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of services and the creation of a legal obligation to pay.

The Health Unit is funded by government transfers (grants and required contributions) from the Province of Ontario, the City, County and Pelee. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as accounts receivable due from the related funding organization in the statement of financial position.

Funding amounts in excess of actual expenditures incurred during the year are repayable and are reflected as liabilities due to the related funding organization in the statement of financial position.

(c) Cash and short-term investments:

Cash comprises cash on hand and balances with the financial institution with maturities of three months or less. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Amortization is calculated on a straight-line basis over an asset's expected useful life for all classes. Residual values are assumed to be zero. Amortization will be taken at half rates in the year of acquisition.

Asset classification	Useful life (years)
Computer hardware	3
Furniture and fixtures	5
Telephone and security	5
Medical equipment	5
Vehicle	10
Leasehold improvements	term of lease

Assets under construction are not amortized until the asset is available for productive use.

(e) Employee future benefits:

(i) Pension plan:

The Health Unit sponsors a pension plan for all employees who retire through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards and school boards in Ontario. Both participating employers and employees are required to make contributions based on participating employees' contributory earnings.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Health Unit to account for the plan as a defined benefit plan. As such, OMERS is accounted for as a defined contribution pension plan. Obligations for contributions to this defined contribution pension plans are recorded as benefits expense in the statement of operations and accumulated deficit.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Employee future benefits (continued):

(ii) Employee future benefits, other than pension:

The Health Unit sponsors a defined benefit plan for certain health, dental and life insurance benefits on behalf all employees who retire from active service with unreduced OMERS pension. The Health Unit accrues its obligations under the defined benefit plans as employees render their services necessary to earn these benefits. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and incorporates management's best estimates with respect to mortality, termination rates, retirement age and expected inflation rate with respect to employee benefit costs.

Actuarial gains (losses) on the accrued benefit obligation arise from the differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess actuarial gains (losses) are amortized over the average remaining service period of active employees, which is 14.7 years.

Gains and losses determined upon a plan settlement or curtailment are accounted for in the period of the settlement or curtailment in the statement of operations and accumulated deficit.

Expenses associated with the defined benefits plan have been recognized as part of benefits expense on the statement of operations and accumulated deficit and the associated liability has been recognized as part of employee future benefit liabilities on the statement of financial position.

(iii) Accrued sick leave:

The Health Unit accrues its liability for unused sick leave which is payable to employees in accordance with their collective bargaining agreements. The cost of accrued sick leave is actuarially determined using the projected benefit method similar to employee future benefits, other than pension. Costs associated with unused sick leave are recognized as part of salaries on the statement of operations and accumulated deficit and the associated liability is recognized as part of employee future benefit liabilities on the statement of financial position.

(iv) Accrued vacation entitlements:

The Health Unit accrues its liability for accrued vacation entitlements as employees renders their services necessary to earn these benefits.

(f) Liability for contaminated sites:

The Health Unit recognizes a liability associated with the remediation of contaminated sites when a contamination exceeds an environmental standard, the Health Unit has direct or has accepted responsibility for the remediation and a reasonable estimate can be made of the costs to remediate.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the year. Significant assumptions include the valuation of accounts receivable, the valuation of employee future benefit obligations and certain other payroll related accruals. Actual results could differ from those estimates.

(h) Future accounting changes:

Effective for fiscal periods beginning on or after April 1, 2022, all governments will be required to adopt PSAS 3400, *Revenue*. PSAS 3400 establishes standards on how to account for and report revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

Effective for fiscal periods beginning on or after April 1, 2022, all governments will be required to adopt PSAS 3280, *Asset Retirement Obligations*. PSAS 3280 addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets.

The Health Unit is in the process of evaluating the potential impact of the adoption of these standards.

2. Cash and short-term investments:

Cash and short-term investments recognized on the statement of financial position are comprised of the following:

	2021	2020
Non-restricted funds	\$ 10,098,690	\$ 7,005,506
Restricted funds:		
Employee benefits	184,688	184,688
Held in trust – prepaid leave program	149,433	80,570
	<hr/>	<hr/>
	\$ 10,432,811	\$ 7,270,764

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Accounts receivable:

Accounts receivable recognized on the statement of financial position are comprised of the following:

	2021	2020
Province of Ontario	\$ 93,880	\$ 301,183
Commodity taxes receivable	166,605	125,207
Other	448,394	133,852
	708,879	560,242
Less allowance for doubtful accounts	–	–
	\$ 708,879	\$ 560,242

4. Due to the Province of Ontario:

The amount due to the Province of Ontario recognized on the statement of financial position resulting from the annual settlement process is comprised of the following:

	2021	2020
Current year settlement	\$ 2,880,732	\$ 713,664
Prior year settlements	1,921,415	731,997
	\$ 4,802,147	\$ 1,445,661

During the period January 1, 2022 to March 31, 2022, cash flows of \$915,766 were clawed back, reducing the settlement for 2021 to \$2,880,732. Details of the amounts clawed back are as follows:

- Medical Officer of Health (MOH)/Associate Medical Officer of Health (AMOH) Compensation Initiative - \$1,480
- Mandatory Programs: Public Health Inspector Student Practicum \$10,000
- COVID-19: General Program - \$880,000
- COVID-19: Vaccine Program - \$24,286

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Due to Municipalities:

The amount due to the participating municipalities, namely the City, County and Pelee, recognized on the statement of financial position, is comprised of the following:

	2021	2020
City of Windsor:		
Current year settlement	\$ 686,373	\$ 869,804
Prior year settlements	2,089,352	1,219,548
Repayment of prior year's settlements	(1,205,019)	—
	1,570,706	2,089,352
County of Essex:		
Current year settlement	573,684	727,260
Prior year settlements	1,746,583	1,019,323
Repayment of prior year's settlements	(1,007,179)	—
	1,313,088	1,746,583
Township of Pelee:		
Current year settlement	743	(3,291)
Prior year settlements	(4,227)	(936)
Receipt against prior year's settlements	1,923	—
	(1,561)	(4,227)
	\$ 2,882,233	\$ 3,831,708

6. Amounts held in trust:

Certain employees of the Health Unit participate in a prepaid leave program. These programs are funded by the participating employees allowing the employee to spread four years' salary over a five-year period. This enables employees to take one year leave of absence following the four years of salary deferral. Amounts held in trust at December 31, 2021, of \$149,433 (2020 - \$80,570) are recognized as a liability on the statement of financial position.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Deferred revenue:

The Health Unit receives funding from external parties to administer programs. The Health Unit also receives funding from the Province of Ontario for specified purposes. The excess of funding over expenses is recognized as deferred revenue on the statement of financial position until such time as those funds and related expenses are settled.

Deferred revenue is comprised of the following:

	2021	2020
Programs funded by external parties	\$ 196,602	\$ 183,119
Funding for specified purposes	474,333	77,817
Deferred revenue, end of year	\$ 670,935	\$ 260,936

A summary of the year's activity relating to those programs is as follows:

	2021	2020
Deferred revenue, beginning of year	\$ 260,936	\$ 182,557
Funds received during the year	1,836,925	845,057
Expenses incurred in the year	(1,426,926)	(766,678)
Deferred revenue, end of year	\$ 670,935	\$ 260,936

8. Employee future benefits:

(a) Pension agreements:

The Health Unit makes contributions to OMERS on behalf of members of its staff. The plan is a multi-employer defined-benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets. The amount contributed to OMERS for current service for 2021 was \$1,641,525 (2020 - \$1,487,142) and is included in benefits expense on the statement of operations and accumulated deficit.

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Employee future benefits (continued):

(b) Employee future benefits liabilities:

Employee future benefit liabilities recognized on the statement of financial position, are future liabilities of the Health Unit to its employees and retirees for benefits earned but not taken as at December 31, 2021. The employee future benefits liabilities consist of the following:

	2021	2020
Accrued vacation entitlements	\$ 497,114	\$ 574,475
Post-retirement benefits	1,040,919	976,806
Sick leave entitlements	1,122,608	1,137,750
	<u>\$ 2,660,641</u>	<u>\$ 2,689,031</u>

(i) Accrued vacation entitlements:

Accrued vacation entitlements consists of vacation entitlements that accumulate and employees would be entitled to cash payments equal to the value of their unused entitlement if they were to terminate their employment with the Health Unit. Carryforward of vacation entitlements from prior years is limited to 10 days and is consistent with the terms of the collective bargaining agreements. Total accrued vacation entitlements at December 31, 2021 are \$497,114 (2020 - \$574,475) and are included in employee future benefits liabilities on the statement of financial position.

(ii) Post-retirement benefits:

The post-retirement benefit liability is based on an actuarial valuation performed by the Health Unit's actuaries. The date of the most recent actuarial valuation for the other post-retirement benefit plan is December 31, 2020, with results extrapolated to December 31, 2021. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate	2.5% (2020 - 3.10%)
Health Care Trend Rate	6.65% (2020 - 6.65%) in 2021; decreasing by 0.45% per annum to 3.5%
Dental Care Trend Rate	3.5% (2020 - 3.5%)

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Employee future benefits (continued):

(ii) Post-retirement benefits (continued):

Information about the Health Unit's future obligations with respect to these costs is as follows:

	2021	2020
Accrued benefit liability, beginning of year	\$ 976,806	\$ 940,785
Current service cost	86,327	73,297
Interest cost	33,776	38,851
Benefits paid	(81,204)	(98,872)
Amortization of actuarial losses	25,214	22,745
Accrued benefit liability, end of year	1,040,919	976,806
Unamortized net actuarial losses	216,426	371,677
Accrued benefit obligations, end of year	\$ 1,257,345	\$ 1,348,483

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

	2021	2020
Current service cost	\$ 86,327	\$ 73,297
Interest cost	33,776	38,851
Amortization of actuarial losses	25,214	22,745
Benefit expense	\$ 145,317	\$ 134,893

The approximate effect on the accrued benefit obligation if the health care and dental trend rate assumption was increased or decreased by 1% is as follows:

1% increase in trend rate	\$ 160,000
1% decrease in trend rate	(135,000)

The approximate effect on the accrued benefit obligation if the discount rate assumption was increased or decreased by 1% is as follows:

1% increase in trend rate	\$ (152,900)
1% decrease in trend rate	186,500

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Employee future benefits (continued):

(iii) Sick leave entitlements:

Included in employee future benefits liability on the statement of financial position is the liability for sick leave entitlements of \$1,122,608 (2020 - \$1,137,750). The Health Unit is bound by two collective bargaining agreements. The Canadian Union of Public Employees, Local 543.3 ("CUPE"), representing certain non-management employees and the Ontario Nurses Association ("ONA"), representing non-management nurses.

As it relates to the ONA sick leave plan, effective January 1, 2013, full-time employee are credited 12 sick days. These sick days do not accumulate from year-to-year. Upon separation from the Health Unit, ONA members will be entitled to be paid in cash one-half of the accumulated sick leave credit at their current wage rate up to a maximum of six months' salary. ONA member sick leave banks were frozen prior to January 1, 2013.

On January 1st annually, CUPE members are credited 15 sick leave days. Unused days can be carried forward from year-to-year. In the latter part of 2015, the Health Unit negotiated changes to the sick leave plan for CUPE employees. Under the terms of the new collective bargaining agreement, the sick leave bank is capped at 150 days. One half of the bank was frozen at September 30, 2015 wage rates. The remaining one-half has no commuted cash value, and will remain in the members' sick bank for future use, if required. Of that frozen portion, one-half or \$382,214 was paid out in November of 2015 with the remainder to be paid out upon separation of those members from the Health Unit.

The sick leave liability is based on an actuarial valuation performed by the Health Unit's actuaries. The date of the most recent actuarial valuation for the sick leave liability is December 31, 2018, with results extrapolated to December 31, 2021. The significant actuarial assumptions adopted in estimating the Health Unit's liability are as follows:

Discount Rate 2.10% (2020 - 2.95%)

Information about the Health Unit's future obligations with respect to these costs is as follows:

	2021	2020
Accrued benefit liability, beginning of year	\$ 1,137,750	\$ 1,165,563
Current service cost	73,055	66,454
Interest cost	18,037	23,119
Benefits paid	(84,913)	(88,409)
Amortization of actuarial gains	(21,321)	(28,977)
Accrued benefit liability, end of year	1,122,608	1,137,750
Unamortized net actuarial gains	(533,507)	(272,912)
Accrued benefit obligations, end of year	\$ 589,101	\$ 864,838

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(iii) Sick leave entitlements (continued):

Benefit expense recorded in the statement of operations and accumulated deficit is as follows:

	2021	2020
Current service cost	\$ 73,055	\$ 66,454
Interest cost	18,037	23,119
Amortization of actuarial gains	(21,321)	(28,977)
Benefit expense	\$ 69,771	\$ 60,596

The approximate effect on the accrued benefit obligation if the discount rate assumption was increased or decreased by 1% is as follows:

1% increase in discount rate	\$ (42,200)
1% decrease in discount rate	48,000

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Computer hardware	\$ 1,092,454	\$ 186,711	\$ 50,110	\$ 1,229,055
Furniture and fixtures	627,267	30,162	23,289	634,140
Telephone and security	274,035	4,567	10,197	268,405
Medical equipment	828,147	18,911	—	847,058
Leasehold improvements	1,266,998	54,437	7,281	1,314,154
Vehicle	20,351	—	—	20,351
Total	\$ 4,109,252	\$ 294,788	\$ 90,877	\$ 4,313,163

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Computer hardware	\$ 845,433	\$ 50,110	\$ 151,577	\$ 946,900
Furniture and fixtures	571,425	23,289	36,832	584,968
Telephone and security	254,074	10,197	11,418	255,295
Medical equipment	597,038	—	77,248	674,286
Leasehold improvements	980,671	7,281	27,436	1,000,826
Vehicle	10,175	—	2,037	12,212
Total	\$ 3,258,816	\$ 90,877	\$ 306,548	\$ 3,474,487

Net book value	Balance at December 31, 2020		Balance at December 31, 2021
Computer hardware	\$ 247,021	\$	282,155
Furniture and fixtures	55,842		58,172
Telephone and security	19,961		13,110
Medical equipment	231,109		172,772
Leasehold improvements	286,327		313,328
Vehicle	10,176		8,139
Total	\$ 850,436	\$	838,676

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Computer hardware	\$ 908,848	\$ 210,924	\$ 27,318	\$ 1,092,454
Furniture and fixtures	625,137	2,130	—	627,267
Telephone and security	261,178	12,857	—	274,035
Medical equipment	774,917	53,230	—	828,147
Leasehold improvements	1,266,998	—	—	1,266,998
Vehicle	20,351	—	—	20,351
Total	\$ 3,857,429	\$ 279,141	\$ 27,318	\$ 4,109,252

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Computer hardware	\$ 765,422	\$ 27,318	\$ 107,329	\$ 845,433
Furniture and fixtures	511,702	—	59,723	571,425
Telephone and security	235,177	—	18,897	254,074
Medical equipment	518,700	—	78,338	597,038
Leasehold improvements	955,049	—	25,622	980,671
Vehicle	8,140	—	2,035	10,175
Total	\$ 2,994,190	\$ 27,318	\$ 291,944	\$ 3,258,816

Net book value	Balance at December 31, 2019		Balance at December 31, 2020
Computer hardware	\$ 143,426		\$ 247,021
Furniture and fixtures	113,435		55,842
Telephone and security	26,001		19,961
Medical equipment	256,217		231,109
Leasehold improvements	311,949		286,327
Vehicle	12,211		10,176
Total	\$ 863,239		\$ 850,436

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Tangible capital assets (continued):

Amortization expense for 2021 was \$306,548 (2020 - \$279,144) is presented as amortization expense on the statement of operations and accumulated deficit as part of general program expenses. Total additions by funding source are as follows:

	2021	2020
Mandatory program	\$ 223,258	\$ 191,380
Healthy Smiles Ontario	7,766	14,274
Ontario Seniors Dental Care Program	63,764	61,721
Smoke-Free Ontario	–	11,766
	<u>\$ 294,788</u>	<u>\$ 279,141</u>

10. Accumulated deficit:

Accumulated deficit consists of individual fund balances and reserves as follows:

	2021	2020
Deficit:		
Invested in tangible capital assets	\$ 838,676	\$ 850,436
Other	204,606	195,923
Amounts to be recovered in future years:		
Employee future benefit liabilities	(2,660,641)	(2,689,031)
Total deficit	<u>(1,617,359)</u>	<u>(1,642,672)</u>
Reserves:		
Employee benefits	184,687	184,687
Septic	57,358	55,976
Total reserves	<u>242,045</u>	<u>240,663</u>
	<u>\$ (1,375,314)</u>	<u>\$ (1,402,009)</u>

11. Operating line of credit:

The Health Unit has available an operating line of credit of \$750,000 with TD Canada Trust. The line of credit bears interest at the bank's prime rate and is unsecured. No amount is outstanding at December 31, 2021 (2020 - \$nil).

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

12. Commitments:

The future minimum lease payments for operating leases on equipment over the next three years are as follows:

Years	Annual payments
2022	\$ 23,370
2023	15,023
2024	299

The Health Unit entered into a lease agreement for its building located at 1005 Ouellette Avenue, Windsor, Ontario, over a period of twenty-six years commencing January 1, 1993. During 2016, the Health Unit entered into a lease extension for an additional five-year period commencing January 1, 2019 to December 31, 2023 with the option to terminate the lease during that time with a six-month notice period. The annual lease payments over the remaining term of the lease on a calendar year basis are as follows:

Years	Annual payment
2022 to 2023	\$ 533,312

Total lease payments for the remaining term amount to \$1,066,624. In addition, the Health Unit is responsible for insurance premiums, routine maintenance, property taxes and utilities in connection with the leased premises.

In November of 2015, the Health Unit entered into an operating lease for space at 33 Princess Street, Leamington, Ontario. The commencement date of this lease is April 1, 2016. The term of the lease is for a twenty-year period and will mature on March 31, 2036, or earlier, in the event certain early termination clauses are exercised. Lease payments over the life of the lease on a calendar year basis are as follows:

Years	Annual payment	Total payment
2022	\$ 97,390	\$ 97,390
2023 to 2026	97,390	389,560
2027 to 2031	108,211	541,055
2032 to 2036	119,032	595,160
		\$ 1,623,165

WINDSOR-ESSEX COUNTY HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2021

12. Commitments (continued):

The Health Unit leases parking lot space near the main office on a renewable annual term with annual lease payments as follows:

Years	Annual payment
2022	\$ 36,408
2023	36,408

13. Contingencies:

The Health Unit is periodically subject to claims or grievances. In the opinion of management, the ultimate resolution of any current claims or grievances would not have a material effect on the financial position or results of operations of the Health Unit.

14. Health Unit expenses:

The statement of operations and accumulated deficit presents expenses for the Health Unit by function. The following is a summary of expenses by object.

	2021	2020
Salaries and benefits	\$ 26,091,943	\$ 21,316,595
Amortization	306,548	291,944
Financial expenses	5,519	11,345
Purchased services	2,337,843	778,116
Rental	64,880	93,070
Supplies and other	1,968,721	1,548,590
Occupancy costs	1,549,646	1,556,811
	<hr/>	<hr/>
	\$ 32,325,100	\$ 25,596,471

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Ontario Seniors Dental Care Program Expenses

Schedule 1

December 31, 2021, with comparative information for 2020

	2021	2020
Salaries	\$ 921,596	\$ 621,889
Benefits	213,085	162,122
Mileage	8,925	4,008
Travel	-	4
Professional development	458	3,198
Memberships	1,361	1,760
Office supplies	104	504
Program supplies	239,607	215,540
Purchased services	213,907	68,962
Bank charges	524	440
Security	10,375	7,013
	<u>\$ 1,609,942</u>	<u>1,085,440</u>

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other

Schedule 2

December 31, 2021

	Mitigation	COVID-19: Vaccine Program	COVID-19: Case and Contact Management Capacity	COVID-19: School-Focused Nurses Initiative	Ontario Seniors Dental Care Program	2021 Total
Revenue	\$ 1,260,800	\$ 5,739,845	\$ 80,090	\$ 1,425,807	\$ 49,700	\$ 8,556,242
Expenses						
Salaries and benefits	-	-	80,090	1,425,807	49,700	1,555,597
Mileage	-	-	-	-	-	-
Program supplies	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-
	-	-	80,090	1,425,807	49,700	1,555,597
Tangible capital assets	-	-	-	-	-	-

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Other

Schedule 2

December 31, 2020

	Mandatory Program: Public Health Inspector Practicum	Mandatory Program: Seasonal Farm Worker Contact Tracing	Mandatory Program: Vector-Borne Diseases Program	MOH/AMOH Compensation Initiative	Mitigation
Revenue	\$ 10,000	\$ 4,400	\$ 40,000	\$ 10,638	\$ 1,260,800
Expenses					
Salaries and benefits	10,000	2,708	36,000	10,638	-
Mileage	-	200	2,975	-	-
Program supplies	-	-	1,025	-	-
Purchased services	-	1,492	-	-	-
	10,000	4,400	40,000	10,638	-
Tangible capital assets	-	-	-	-	-

	COVID-19: Extraordinary Costs	COVID-19: Case and Contact Management Capacity	COVID-19: Public Health Case and Contact Management Solution	COVID-19: School-Focused Nurses Initiative	Temporary Pandemic Pay Initiative	2020 Total
Revenue	\$ 241,920	\$ 15,623	\$ 30,800	\$ 728,572	\$ 9,668	\$ 2,352,421
Expenses						
Salaries and benefits	-	15,623	30,800	728,572	9,668	844,009
Mileage	-	-	-	-	-	3,175
Program supplies	-	-	-	-	-	1,025
Purchased services	-	-	-	-	-	1,492
	-	15,623	30,800	728,572	9,668	849,701
Tangible capital assets	-	-	-	-	-	-

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory and Related

Schedule 3

December 31, 2021, with comparative information for 2020

	Mandatory Program	COVID-19 Vaccine Costs	COVID-19 Extraordinary Costs	Healthy Smiles Ontario	Smoke-Free Ontario Strategy	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	AMOH/MOH Compensation Initiative	2021
Advertising, publications and subscriptions	\$ 4,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,706
Amortization (note 9)	306,548	-	-	-	-	-	-	-	-	306,548
Bank charges	4,995	-	-	-	-	-	-	-	-	4,995
Benefits	1,711,028	1,498,617	1,348,175	-	-	-	-	-	-	4,557,820
Directors' fees	1,200	-	-	-	-	-	-	-	-	1,200
Legal, audit and consulting	320,570	-	-	-	-	-	-	-	-	320,570
Maintenance	150,254	-	-	-	-	-	-	-	-	150,254
Memberships	38,883	100	200	998	-	-	-	-	-	40,181
Mileage	138,371	140,869	4,730	6,775	21,016	-	-	-	-	311,761
Office equipment rentals (note 12)	64,880	-	-	-	-	-	-	-	-	64,880
Office supplies	17,777	-	-	195	-	-	-	-	-	17,972
Parking	36,244	-	-	-	-	-	-	-	-	36,244
Postage and freight	20,255	-	-	-	-	-	-	-	-	20,255
Professional development	5,475	-	-	50	726	-	-	-	-	6,251
Program supplies	656,727	303,220	39,664	76,148	98,843	35,447	26,122	63,000	-	1,299,171
Purchased services	190,917	768,612	785,814	35,015	10,415	-	-	-	-	1,790,773
Rent (note 12)	728,949	-	-	-	-	-	-	-	-	728,949
Salaries	6,614,742	6,017,674	4,891,338	560,475	410,824	-	-	-	3,493	18,498,546
Security	1,052	-	-	10,375	-	-	-	-	-	11,427
Taxes and insurance	350,566	-	-	-	-	-	-	-	-	350,566
Telephone	117,286	11,339	4,909	-	-	-	-	-	-	133,534
Travel	28	3,529	-	-	-	-	-	-	-	3,557
Utilities	128,297	-	-	-	-	-	-	-	-	128,297
Vehicle expenses	2,958	-	-	-	-	-	-	-	-	2,958
	\$ 11,612,708	\$ 8,743,960	7,074,830	\$ 690,031	\$ 541,824	\$ 35,447	\$ 26,122	\$ 63,000	\$ 3,493	\$ 28,791,415

WINDSOR-ESSEX COUNTY HEALTH UNIT

Schedule of Mandatory and Related

Schedule 3

December 31, 2021, with comparative information for 2020

	Mandatory Program	COVID-19 Extraordinary Costs	Healthy Smiles Ontario	Smoke-Free Ontario Strategy	Infectious Diseases Control Initiative	Harm Reduction Program Enhancement	Nursing Initiatives	Enhanced Food Safety - Haines Initiative	Enhanced Safe Water Initiative	Needle Exchange Program Initiative	AMOH/MOH Compensation Initiative	2020
Advertising, publications and subscription	\$ 3,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,493
Amortization (note 9)	291,944	-	-	-	-	-	-	-	-	-	-	291,944
Bank charges	10,905	-	-	-	-	-	-	-	-	-	-	10,905
Benefits	1,733,888	1,685,680	165,534	61,487	24,460	21,930	32,913	-	-	-	-	3,725,892
Directors' fees	4,099	-	-	-	-	-	-	-	-	-	-	4,099
Legal and audit	94,138	180,702	-	-	-	-	-	-	-	-	-	274,840
Maintenance	136,072	-	-	-	-	-	-	-	-	-	-	136,072
Memberships	30,493	-	-	-	-	-	-	-	-	-	-	30,493
Mileage	82,944	75,411	8,536	11,638	-	-	-	-	-	-	-	178,529
Office equipment rentals (note 12)	93,070	-	-	-	-	-	-	-	-	-	-	93,070
Office supplies	31,537	-	263	-	-	-	-	-	-	-	-	31,800
Parking	90,929	-	-	-	-	-	-	-	-	-	-	90,929
Postage and freight	22,089	-	-	-	-	-	-	-	-	-	-	22,089
Professional development	16,141	-	-	-	431	-	-	-	-	-	-	16,572
Program supplies	616,993	235,526	83,957	5,460	-	-	-	12,152	3,647	63,000	-	1,020,735
Purchased services	131,751	202,271	90,419	8,381	-	-	-	-	-	-	-	432,822
Rent (note 12)	779,418	-	-	-	-	-	-	-	-	-	-	779,418
Salaries	8,111,892	6,591,859	640,062	236,729	92,857	84,928	127,488	-	-	-	5,000	15,890,815
Security	1,001	-	7,014	-	-	-	-	-	-	-	-	8,015
Taxes and insurance	298,216	4,494	-	-	-	-	-	-	-	-	-	302,710
Telephone	89,175	-	-	-	-	-	-	-	-	-	-	89,175
Travel	1,747	-	61	497	-	-	-	-	-	-	-	2,305
Utilities	141,174	-	-	-	-	-	-	-	-	-	-	141,174
Vehicle expenses	1,035	-	-	-	-	-	-	-	-	-	-	1,035
	\$ 12,814,144	\$ 8,975,943	\$ 995,846	\$ 324,623	\$ 117,317	\$ 106,858	\$ 160,401	\$ 12,152	\$ 3,647	\$ 63,000	\$ 5,000	\$ 23,578,931